



LOFTIS & LOVATO

— G R O U P —

CERTIFIED PUBLIC ACCOUNTANTS

***Special
Olympics***
New Mexico



Financial Statements
and
Independent Auditor's Report

December 31, 2024 and 2023

Special Olympics New Mexico, Inc.

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Independent Auditor's Report

To the Board of Directors and Management
of Special Olympics New Mexico, Inc.

Opinion

We have audited the accompanying financial statements of Special Olympics New Mexico, Inc. (a nonprofit organization) ("SONM"), which comprise the statements of financial position as of December 31, 2024, and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SONM as of December 31, 2024, and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SONM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SONM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SONM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SONM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Loftis & Lovato Group

Albuquerque, New Mexico
March 21, 2025

Financial Statements

Special Olympics New Mexico, Inc.
Statements of Financial Position
December 31,

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,358,511	\$ 1,642,484
Receivables	573,802	75,044
Prepaid expense	10,325	9,035
Total current assets	1,942,638	1,726,563
Investments	1,636,468	1,100,792
Property and equipment, net	1,044	6,651
Total assets	<u>\$ 3,580,150</u>	<u>\$ 2,834,006</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 40,532	\$ 6,924
Accrued expenses	15,737	16,741
Deferred revenue	106,681	80,838
Finance lease liability - current	1,587	4,660
Total current liabilities	164,537	109,163
Finance lease liability - long term	-	1,587
Total liabilities	<u>164,537</u>	<u>110,750</u>
Net assets		
Without donor restriction		
Undesignated	1,866,032	1,695,290
Board designated quasi-endowment	1,527,992	1,001,725
With donor restriction	21,589	26,241
Total net assets	<u>3,415,613</u>	<u>2,723,256</u>
Total liabilities and net assets	<u>\$ 3,580,150</u>	<u>\$ 2,834,006</u>

The accompanying notes are an integral part of these financial statements.

Special Olympics New Mexico, Inc.
Statement of Activities
For the Year Ended December 31, 2024

	<u>Without Donor Restriction</u>		<u>With Donor Restriction</u>	
	<u>Chapter</u>	<u>Area and Local</u>	<u>Chapter</u>	<u>Total</u>
Support and Revenue				
Contributions	\$ 1,244,619	\$ 506,927	\$ 21,589	\$ 1,773,135
In-kind	723,882	-	-	723,882
State contract	650,000	-	-	650,000
Special events	359,744	173,198	-	532,942
Program sponsor and registration	249,986	-	-	249,986
Employee retention credit, net of fees	216,891	-	-	216,891
Direct marketing revenue	116,651	-	-	116,651
Net investment income	32,792	11,036	-	43,828
Other income	1,697	-	-	1,697
Net assets released from restriction	26,241	-	(26,241)	-
Total support and revenue	<u>3,622,503</u>	<u>691,161</u>	<u>(4,652)</u>	<u>4,309,012</u>
Expenses				
Program services	2,273,295	482,054	-	2,755,349
Management and general	195,141	9,163	-	204,304
Fundraising	573,829	83,173	-	657,002
Total expenses	<u>3,042,265</u>	<u>574,390</u>	<u>-</u>	<u>3,616,655</u>
Change in net assets	580,238	116,771	(4,652)	692,357
Net assets, beginning of year	1,954,195	742,820	26,241	2,723,256
Net assets, end of year	<u><u>\$ 2,534,433</u></u>	<u><u>\$ 859,591</u></u>	<u><u>\$ 21,589</u></u>	<u><u>\$ 3,415,613</u></u>

The accompanying notes are an integral part of these financial statements.

Special Olympics New Mexico, Inc.
Statement of Activities
For the Year Ended December 31, 2023

	<u>Without Donor Restriction</u>		<u>With Donor Restriction</u>	
	<u>Chapter</u>	<u>Area and Local</u>	<u>Chapter</u>	<u>Total</u>
Support and Revenue				
Contributions	\$ 939,292	\$ 393,390	\$ 26,241	\$ 1,358,923
In-kind	707,848	-	-	707,848
State contract	600,000	-	-	600,000
Special events	275,028	88,439	-	363,467
Program sponsor and registration	163,088	-	-	163,088
Direct marketing revenue	126,893	-	-	126,893
Net investment income	29,334	9,198	-	38,532
Other income	1,025	-	-	1,025
Total support and revenue	<u>2,842,508</u>	<u>491,027</u>	<u>26,241</u>	<u>3,359,776</u>
Expenses				
Program services	2,224,796	418,829	-	2,643,625
Management and general	183,188	4,228	-	187,416
Fundraising	514,293	54,354	-	568,647
Total expenses	<u>2,922,277</u>	<u>477,411</u>	<u>-</u>	<u>3,399,688</u>
Change in net assets	(79,769)	13,616	26,241	(39,912)
Net assets, beginning of year	<u>2,033,964</u>	<u>729,204</u>	<u>-</u>	<u>2,763,168</u>
Net assets, end of year	<u><u>\$ 1,954,195</u></u>	<u><u>\$ 742,820</u></u>	<u><u>\$ 26,241</u></u>	<u><u>\$ 2,723,256</u></u>

The accompanying notes are an integral part of these financial statements.

Special Olympics New Mexico, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Management and General	Fund- raising	Total
Salaries and wages	\$ 636,691	\$ 111,784	\$ 248,634	\$ 997,109
Program donated services	723,882	-	-	723,882
Program food and lodging	350,920	3,909	22,890	377,719
Other program	248,085	-	49,824	297,909
Special events	48,534	-	194,138	242,672
Employee benefits and payroll taxes	125,882	20,374	45,317	191,573
Equipment and uniforms	153,639	761	7,992	162,392
Program awards and recognition	150,291	-	973	151,264
Program facilities	89,106	-	-	89,106
Office supplies	31,111	7,182	17,013	55,306
Rent and storage	33,579	8,055	8,055	49,689
Professional services	44,731	299	666	45,696
Travel, meetings and conferences	38,670	816	3,611	43,097
Fundraising	-	-	40,268	40,268
Chapter assessment fees	26,048	11,164	-	37,212
Accounting services	-	32,621	-	32,621
Insurance	21,266	2,598	1,722	25,586
Printing and postage	11,782	1,249	5,270	18,301
Telephone	9,913	1,901	4,231	16,045
Other	3,587	926	2,606	7,119
Depreciation	3,464	665	1,478	5,607
Training	2,650	-	2,275	4,925
Program contract services	1,518	-	-	1,518
Miscellaneous	-	-	39	39
	<u>\$ 2,755,349</u>	<u>\$ 204,304</u>	<u>\$ 657,002</u>	<u>\$ 3,616,655</u>

The accompanying notes are an integral part of these financial statements.

Special Olympics New Mexico, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Management and General	Fund- raising	Total
Salaries and wages	\$ 582,960	\$ 104,371	\$ 219,878	\$ 907,209
Program donated services	697,864	-	9,984	707,848
Program food and lodging	329,028	4,156	-	333,184
Other program	181,700	-	44,042	225,742
Special events	45,155	-	170,635	215,790
Employee benefits and payroll taxes	121,232	20,858	43,941	186,031
Equipment and uniforms	173,500	-	-	173,500
Program awards and recognition	236,503	-	1,508	238,011
Program facilities	86,637	-	-	86,637
Office supplies	27,806	4,295	14,412	46,513
Rent and storage	35,702	7,905	7,905	51,512
Professional services	41,298	305	643	42,246
Travel, meetings and conferences	16,699	-	3,081	19,780
Fundraising	-	-	41,106	41,106
Chapter assessment fees	19,638	8,416	-	28,054
Accounting services	-	31,540	-	31,540
Insurance	17,321	2,113	1,364	20,798
Printing and postage	10,633	1,125	4,194	15,952
Telephone	4,285	823	1,734	6,842
Other	3,519	834	2,799	7,152
Depreciation	3,511	675	1,421	5,607
Outreach	8,634	-	-	8,634
	<u>\$ 2,643,625</u>	<u>\$ 187,416</u>	<u>\$ 568,647</u>	<u>\$ 3,399,688</u>

The accompanying notes are an integral part of these financial statements.

Special Olympics New Mexico, Inc.
Statements of Cash Flows
For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Cash received from contributions and grants	\$ 1,804,041	1,412,634
Cash received from special events	532,942	363,467
Cash received from state contract	300,000	600,000
Cash received from direct marketing	159,685	131,868
Cash received from the Employee retention credit	43,586	-
Cash received from program sponsor and registration	226,436	163,088
Cash received from investments	36,359	31,674
Cash received from other	1,697	1,025
Cash paid to employees	(1,189,686)	(1,095,915)
Cash paid to suppliers	(1,666,166)	(1,580,884)
Net cash provided by operating activities	<u>248,894</u>	<u>26,957</u>
Cash flows from investing activities		
Purchases of investments	<u>(528,207)</u>	<u>(118,993)</u>
Net cash used by investing activities	<u>(528,207)</u>	<u>(118,993)</u>
Cash flows from financing activities		
Principal payments on finance lease liability	<u>(4,660)</u>	<u>(4,511)</u>
Net cash used by financing activities	<u>(4,660)</u>	<u>(4,511)</u>
Net decrease in cash and cash equivalents	(283,973)	(96,547)
Cash and cash equivalents, beginning of year	<u>1,642,484</u>	<u>1,739,031</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,358,511</u></u>	<u><u>\$ 1,642,484</u></u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	<u>\$ 692,357</u>	<u>\$ (39,912)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,607	5,607
Net realized and unrealized gains on investments	(7,469)	(6,858)
Change in assets and liabilities		
Receivables	(498,758)	(19,652)
Prepaid expense	(1,290)	5,185
Accounts payable	33,608	6,924
Accrued expenses	(1,004)	(2,675)
Deferred revenue	25,843	78,338
Total adjustments	<u>(443,463)</u>	<u>66,869</u>
Net cash provided by operating activities	<u><u>\$ 248,894</u></u>	<u><u>\$ 26,957</u></u>

The accompanying notes are an integral part of these financial statements.

Special Olympics New Mexico, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

1) Organization

Special Olympics New Mexico, Inc. ("SONM") was incorporated on September 6, 1977. Today SONM offers year-round sports training and athletic competition in a variety of Olympic-type sports to 3,200 children and adults with intellectual disabilities ("ID") through building inclusive communities, transforming lives through sport, and improving the quality of life of our athletes.

The obvious benefits of participating in SONM include health promotion, disease reduction, personal growth, and character development. Unlike other sports organizations, SONM also impacts the community by focusing efforts on social problems associated with intolerance, stigma and injustice. To its volunteers, community partners, schools, and all who walk into a SONM competition or event, engaging with SONM athletes is a transformative experience. We offer an environment of diversity, inclusion, equity, and acceptance of all people. The SONM movement is a force that teaches acceptance, respect, and unity through the power and joy of sport.

In 2024, SONM offered our athletes training and competition in 12 sports, while hosting 83 total competitions throughout the state, including 7 State Competitions. Because people with ID have a 5 times higher health risk for diabetes and 2 times higher risk to develop heart disease, research shows that physical activity and sport combat these conditions. Special Olympics Healthy Athletes continued to provide free health screenings for our athletes, identifying unmet health needs before they become emergencies. 536 total health screenings and 275 referrals were given in 2024 by 235 health professionals and students. 55% of athletes screened in Fit Feet had a skin/nail condition. 96% of athletes needed a PT referral, 60.5% of athletes screened had a BMI in the obese range, and 92.5% of athletes screened learned coping skills and stress management skills to use in their daily lives. SONM hosted 16 community wellness events, 2 at home wellness challenges, and trained 33 Special Olympics athletes as Fitness Captains.

SONM's Unified Champion Schools program continued to thrive in 2024. Over 465 students with intellectual disabilities representing 50 schools partnered with over 680 of their nondisabled peers, playing on the same sports teams during the school day. Nearly 102 total events were hosted promoting acceptance within the schools. We continue to celebrate those schools for their ongoing commitment to inclusion.

At all levels of our organization, SONM faces inflationary challenges of increased cost of facilities, food, and Games t-shirts. We remain grateful for the support we have received from our community partners, donors, and the Board of Directors, which has allowed us to maintain our organization's financial stability. We move forward with the goal of building a better tomorrow for every Special Olympics athlete in New Mexico, as they remain at the very heart of everything we do and every decision we make.

Special Olympics New Mexico, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of SONM have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements of SONM have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require SONM to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of SONM. These net assets may be used at the discretion of SONM's management and the board of directors.

Net Assets With Donor Restriction: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SONM or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The statements of activities reflect the two operating segments of SONM. Chapter is the overall administrative body of SONM. Chapter facilitates all statewide activities and state competitions. Area and Local consists of the six geographic locations throughout the state of New Mexico. Area and Local host the regional and community programs and competitions.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures. It is at least reasonably possible that a change in estimates will occur in the near term. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, management considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. SONM maintains cash deposits in bank checking and savings accounts which at times may exceed FDIC limits.

Special Olympics New Mexico, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Receivables

Receivables are for grants, contracts and contributions. Receivables are considered fully collectible. Accordingly, no allowance for credit loss is required. If amounts become uncollectible, they will be written off and charged to bad debt expense. SONM considers all receivables over 90 days to be past due. There were no receivables over 90 days at December 31, 2024 and 2023. There was no bad debt expense in 2024 and 2023.

Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are capitalized at their fair value on the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years. All purchased or donated property and equipment in excess of \$1,500 is capitalized.

Investments

Investments in the statements of financial position consist of money funds, money market funds, a certificate of deposit, an annuity, and exchange traded funds and are reported at fair value. Net investment gains and losses are included in the statements of activities.

Income Taxes

SONM is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is a public charity. SONM regularly evaluates activities as it relates to its tax-exempt status. If SONM's activities are determined to be outside of its tax-exempt status the potential exists for tax liabilities on those unrelated activities. SONM's open audit periods are for the years ended December 31, 2021, and thereafter.

Support and Revenue

To support its various programs, SONM generates its revenue and support through a variety of sources. The primary source of support is gifts and bequests from individuals and corporations. Corporations and individuals may also contribute funds to sponsor specific events offered by SONM. SONM also generates revenue and support through telemarketing contracts and from a State of New Mexico grant. Additionally, SONM hosts various special events. SONM reports contributions received as net assets without donor restriction or net assets with donor restriction, depending on the existence and/or nature of any donor-imposed restriction. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the contribution is recognized.

Special Olympics New Mexico, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Support and Revenue - continued

All other donor restricted contributions are reported as an increase in net assets with donor restriction, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

Revenue from grants is recognized when earned or when the expenditure has been incurred in accordance with the provisions of the grants. Funds received but not earned during the fiscal year are recorded as deferred revenue.

Donated materials are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets with donor restriction if the donor has restricted the donated assets to a specific purpose; otherwise, the contributions are recorded as net assets without donor restriction. The total of donated materials was \$31,244 and \$10,129 for the years ended December 31, 2024, and 2023, respectively. Donated services are recognized as contributions if the donated services create or enhance non-financial assets or require specialized skills, and are provided by individuals possessing those skills, and would otherwise be purchased by SONM. SONM recognized \$692,638 and \$697,719 in services provided by ambulance services, certified coaches and officials for the years ended December 31, 2024, and 2023, respectively.

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The guidance requires SONM to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to with SONM expects to be entitled in exchange for those goods or services.

The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgements, changes in judgements, and assets recognized from the costs to obtain or fulfill a contract.

Special Olympics New Mexico, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Revenue from Contracts with Customers - continued

SONM has a significant contract to provide marketing for the State of New Mexico. Revenue related to this contract is recognized as marketing for the various SONM programs and events. Payment is received after services are provided. In 2024, there was \$350,000 in receivables related to this contract. There were no receivables related to this contract at year end for fiscal year 2023. Additional service contracts include ticket sales from fundraising events and program registration fees. Revenues related to these services are based on the time of the event. Payments are generally received in advance; deferred revenue is recorded upon payment and revenue is recognized when the event takes place.

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized by function based on evaluation of the related benefit by management. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Significant expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>
Salaries and wages	Time and effort
Program Donated Services	Specific identification
Program Food and Lodging	Specific identification
Other Program	Specific identification
Special Events	Specific identification

Leases

Effective January 1, 2022, SONM adopted FASB ASC 842, *Leases*. SONM determines if an arrangement contains a lease at inception based on whether SONM had the right to control the asset during the contract period and other facts and circumstances. SONM has elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed it to carry forward the historical lease classification.

SONM has two leases, one of which was already previously recorded as a finance lease and right-of-use asset and is in conformity with the new lease standard. SONM entered into a long-term finance lease for a copier in April 2020.

Special Olympics New Mexico, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Leases - continued

The property under capital lease has an original cost of \$22,096 net of the accumulated depreciation of \$20,255 and \$15,836 for the years ended December 31, 2024 and 2023, respectively. The second is a short-term lease to rent office space. Lease expense for the office space was approximately \$32,220 and \$31,620 for the years ended December 31, 2024, and 2023, respectively. SONM's office space lease ends in June 2025. Minimum future lease expense is \$16,800 for 2025.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

3) Receivables

Receivables consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
State contract	\$ 350,000	\$ -
Employee retention credit	173,305	-
Registrations	23,550	-
Other	21,589	26,652
Special Olympics International	<u>5,358</u>	<u>48,392</u>
Total	<u>\$ 573,802</u>	<u>\$ 75,044</u>

4) Fair Value Measurement

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Certificates of deposit are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. Money market and money funds are valued at cost plus accrued interest, which approximates fair value.

Special Olympics New Mexico, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

4) Fair Value Measurement — continued

Annuity contracts are based on the index credit rate for a monthly point to point option and is based on 12 monthly percentage changes in the S&P 500 index over the course of a 12-month period. Dividend and interest are earned annually.

Exchange traded funds are valued at the net asset value (NAV) of shares held and are valued at the closing price reported on the active market on which the individual securities are traded.

The following table presents information about SONM's assets that are measured at fair value on a recurring basis (no liabilities are reported at fair value) as of December 31, 2024 and 2023 and indicates the fair value hierarchy of the valuation techniques used to determine such fair value.

The three levels for measuring fair value are based on the reliability of inputs and are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices for identical assets or liabilities in an active market.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

SONM uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, SONM measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Net investment income includes interest and dividend income as well as net realized and unrealized gains earnings on investments of \$43,828 and \$38,532 for the years ended December 31, 2024 and 2023, respectively and are included in the statements of activities.

Special Olympics New Mexico, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

4) Fair Value Measurement — continued

Assets measured at fair value on a recurring basis at December 31, 2024 and 2023 are as follows:

December 31, 2024			
	Level 1	Level 2	Total
Money funds	\$ 389,662	\$ -	\$ 389,662
Money market funds	741,149	-	741,149
Exchange traded funds	51,005	-	51,005
Certificate of deposit	400,000	-	400,000
Annuity contract	-	54,652	54,652
Investments at fair value	<u>\$ 1,581,816</u>	<u>\$ 54,652</u>	<u>\$ 1,636,468</u>

December 31, 2023			
	Level 1	Level 2	Total
Money funds	\$ 375,789	\$ -	\$ 375,789
Money market funds	631,936	-	631,936
Exchange traded funds	61,916	-	61,916
Annuity	-	31,151	31,151
Investments at fair value	<u>\$ 1,069,641</u>	<u>\$ 31,151</u>	<u>\$ 1,100,792</u>

5) **Property and Equipment**

Property and equipment consist of the following at December 31:

	2024	2023
Office equipment and software	\$ 150,630	\$ 150,630
Finance right-of-use asset	22,096	22,096
Program equipment	<u>124,847</u>	<u>124,847</u>
	297,573	297,573
Less accumulated depreciation	<u>(296,529)</u>	<u>(290,922)</u>
Total	<u>\$ 1,044</u>	<u>\$ 6,651</u>

Depreciation expense was \$5,607 for the years ended December 30, 2024 and 2023.

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6) Board Designated Quasi-Endowment

The SONM quasi-endowment consists of a pool of funds established to support operations. It includes funds designated by the Board of Directors. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments. The board's policy is to contribute 3% of total support on an annual basis. At December 31, 2024 and 2023, the board designated balance was \$1,527,992 and \$1,001,725, respectively.

7) Endowment Fund Held by Others

SONM is the beneficiary of an endowment fund held by the Albuquerque Community Foundation (ACF). ACF may make annual distributions to SONM at the request of SONM in accordance with ACF's distribution policy. As of December 31, 2024, no distributions were requested from the fund and no grants were awarded. The balance of the endowment fund held by ACF totaled \$117,859 and \$111,037 at December 31, 2024 and 2023, respectively. The donor of the fund granted the governing board of ACF "variance power". This variance power allows ACF to modify the donor's stipulations under certain circumstances in order to meet the changing needs of the community of Albuquerque. The endowment fund is not included in SONM's financial statements for the years ended December 31, 2024, and 2023.

8) Retirement Plan

SONM has a defined contribution 403(b) Plan (the "Plan") that covers all eligible employees of SONM. Participating employees are eligible to contribute a percentage of their salary to the Plan. SONM contributes a matching contribution up to three percent of participating employees' salary to the Plan. Contribution expense was approximately \$26,478 and \$24,905 for the years ended December 31, 2024 and 2023, respectively.

9) Related Party Transactions

SONM is accredited by Special Olympics International, Inc. (SOI) to conduct sports training and competition activities within New Mexico. SONM made payments to SOI of \$37,212 and \$28,054 for 2024 and 2023, respectively, for program support and assessments. SONM has a direct mail and telemarketing agreement with SOI to raise funds and increase public awareness of SONM's mission and activities. This resulted in contributions of \$116,651 and \$126,893 for the years ended December 31, 2024 and 2023, respectively. SONM had a receivable from SOI of \$5,358 and \$48,392 at December 31, 2024 and 2023, respectively.

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10) Leasing Activities

SONM has one finance lease for a copier. The lease has a remaining lease term of less than one year and used a discount rate of 3.25%. Amortization cost was \$4,419 for each of the years ended December 31, 2024 and 2023. Interest on the finance lease was \$0 and \$283 as of December 31, 2024 and 2023, respectively. Total finance cost was \$4,553 and \$4,702 as of December 31, 2024 and 2023, respectively. The following summarizes the line items in the statements of financial position which includes the amount for the finance lease as of December 31:

	<u>2024</u>	<u>2023</u>
Finance Lease		
Property and equipment	\$ 22,096	\$ 22,096
Accumulated depreciation	<u>(20,255)</u>	<u>(15,836)</u>
Property and equipment, net	<u>\$ 1,841</u>	<u>\$ 6,260</u>
Lease liability - current	\$ 1,587	\$ 4,660
Lease liability - long term	<u>-</u>	<u>1,587</u>
Total finance lease liabilities	<u>\$ 1,587</u>	<u>\$ 6,247</u>

The maturities of the finance lease as of December 31, 2025, were as follows:

Year ending December 31,	
2025	<u>\$ 1,598</u>
Total lease payments	1,598
Less: interest	<u>(11)</u>
Present value of lease liability	<u>\$ 1,587</u>

11) Concentration of Credit Risk

Financial instruments that potentially subject SONM to concentrations of credit risk consist principally of cash and investments. SONM places its investments with financial institutions and investment brokerage firms. At December 31, 2024 and 2023, SONM's uninsured cash balances with financial institutions totaled \$1,142,996 and \$1,666,039, respectively. Investment brokerage firms insure up to \$500,000 in securities, including a \$250,000 limit for cash held in a brokerage account.

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12) Net Assets With Donor Restriction

Net assets with donor restriction consist of contribution receivables (time restriction) of \$21,589 and \$26,241 at December 31, 2024 and 2023, respectively. Net assets released from restriction in 2024 include receiving the previous years receivable of \$26,241.

13) Availability of Financial Assets and Liquidity

The following represents SONM's financial assets at December 31:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,358,511	\$ 1,642,484
Receivables	573,802	75,044
Investments	<u>1,636,468</u>	<u>1,100,792</u>
Total financial assets	3,568,781	2,818,320
Less amounts not available for general expenditure within one year:		
Quasi endowment established by the Board	<u>1,123,115</u>	<u>1,001,725</u>
Financial assets available to meet cash needs for expenses within one year	<u>\$ 2,445,666</u>	<u>\$ 1,816,595</u>

SONM's current goal is generally to maintain financial assets to meet six months worth of operating expenses (approximately \$1,800,000).

14) Employee Retention Credit

The Employee Retention Credit ("ERC") is a complex refundable tax credit for businesses and tax-exempt organizations that kept paying employees during the COVID-19 pandemic either when they were shut down due to a government order or when they had a significant decline in gross receipts during certain eligibility periods in 2020 and 2021.

SONM applied for the ERC of \$271,546 for applicable quarters. SONM received partial payment during the year ended December 31, 2024. The remaining receivable amount of \$173,305 is outstanding at December 31, 2024. The amount of ERC recorded of \$216,891 is net of fees of \$54,655 at December 31, 2024. SONM has received payment for the remaining balance and therefore has not recorded an allowance for credit loss.

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15) Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. SONM recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statements of financial position date and before the financial statements are available to be issued. SONM has evaluated subsequent events through March 21, 2025.